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**DONOVAN E. WALKER**  
Lead Counsel  
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August 12, 2016

**VIA HAND DELIVERY**

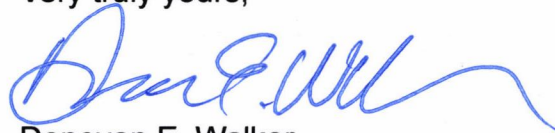
Jean D. Jewell, Secretary  
Idaho Public Utilities Commission  
472 West Washington Street  
Boise, Idaho 83702

Re: Case No. IPC-E-16-16  
Riverside Investments I, LLC (Fargo Drop Hydro) – Application for  
Approval of Firm Energy Sales Agreement Amendment

Dear Ms. Jewell:

Enclosed for filing in the above matter please find an original and seven (7) copies of Idaho Power Company's Application for Approval of Firm Energy Sales Agreement Amendment.

Very truly yours,



Donovan E. Walker

DEW:csb  
Enclosures

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Attorney for Idaho Power Company

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF )	
IDAHO POWER COMPANY FOR APPROVAL )	CASE NO. IPC-E-16-16
OF THE THIRD AMENDMENT TO THE FIRM )	
ENERGY SALES AGREEMENT BETWEEN )	APPLICATION FOR APPROVAL
IDAHO POWER COMPANY AND RIVERSIDE )	OF FIRM ENERGY SALES
INVESTMENTS I, LLC, FOR FARGO DROP )	AGREEMENT AMENDMENT
HYDRO. )	
_____ )	

Idaho Power Company ("Idaho Power" or "Company"), in accordance with RP 52 and the applicable provisions of the Public Utility Regulatory Policies Act of 1978 ("PURPA"), hereby respectfully applies to the Idaho Public Utilities Commission ("Commission") for an order approving the Third Amendment ("Amendment") to the Firm Energy Sales Agreement ("FESA") between Idaho Power and Riverside Investments I, LLC, for generation from the Fargo Drop hydro facility, a PURPA qualifying facility ("QF"), provided herein as Attachment 1. This Amendment was executed in order to make a change to the Net Energy Amount notification process similar to the process that has been approved by the Commission in more than 20 other Energy Sales Agreements ("ESA") since August 21, 2014.

In support of this Application, Idaho Power represents as follows:

## **I. INTRODUCTION AND BACKGROUND**

1. Idaho Power and Riverside Investments I, LLC ("Seller") entered into an FESA on December 1, 2011, for the purchase and sale of energy produced by the Fargo Drop hydro project located near Homedale, Idaho. This FESA was approved by the Commission in Order No. 32451 on February 1, 2012.

2. On October 2, 2014, the parties entered into a First Amendment to change the definition of the Mid-Columbia Market Energy Cost in the FESA consistent with the stipulation approved by the Commission in Order No. 33053 on June 10, 2014.

3. On March 17, 2016, the parties entered into a Second Amendment to change any references in the FESA from "Riverside Investments, LLC" to "Riverside Investments I, LLC."

4. Paragraph 6.2 of the FESA allows the Seller to adjust the "Initial Year Monthly Net Energy Amounts" on a quarterly basis consistent with a Commission directive that the Seller's revisions are to be submitted no sooner than "the end of month three and every three months thereafter." Order No. 29632, p. 23.

5. On June 22, 2016, the parties agreed to amend the FESA to allow the Seller to adjust the Net Energy Estimates on a monthly basis rather than a quarterly basis. This is a reasonable change that maintains the existing requirements of the 90%/110% provisions of the FESA, while providing a more accurate estimate of monthly generation to the Company.

## **II. THE AMENDMENT**

6. Since August 21, 2014, the Commission has approved approximately 22 FESAs/ESAs between Idaho Power and QFs that have allowed QFs to change the Initial Year Monthly Net Energy Amounts on a monthly basis. In addition, the

Commission has approved FESA/ESA amendments similar to this Amendment as recently as August 19, 2015. See Order Nos. 33358 and 33359. In Order No. 33102, issued August 21, 2014, the Commission states:

[W]e find that monthly, as opposed to quarterly, reporting of energy generation estimates is a reasonably negotiated term between the parties and not inconsistent with the Commission's guidance and findings in Order No. 29632. As we stated in that Order, "it is reasonable and operationally expedient to require QFs to provide Idaho Power with monthly kWh production estimates. . . . The Commission finds it reasonable to provide more frequent opportunities to revise generation estimates than [the two years] proposed by the Company. We find that the interest of the Company in planning for QF resources is better served if the generation forecast is a reliable estimate." Order No. 29632 at 23.

Order No. 33102, p. 6. The Commission also states, "We find that a provision allowing for monthly generation estimate updates is consistent with that purpose." See Order No. 33102, p. 6.

7. The Amendment changes paragraph 6.2 to allow the Seller to adjust the "Initial Year Monthly Net Energy Amounts" on a monthly, rather than quarterly, basis. As this is an existing project that has been operating and delivering energy with an Operation Date of August 1, 2012, the Initial Monthly Net Energy Amounts have been revised by the Seller in accordance with the FESA. However, under this Amendment, the Seller can submit future revisions on a monthly basis, with a minimum of 30 days' notice prior to the beginning of the next month, rather than once every three months. A table was included in the Amendment indicating both "Notification Month" and "Future Monthly Net Energy Amounts eligible to be revised," primarily to provide clarity to the confusing nature of the process required in the FESA to adjust the Estimated Net Energy Amounts and the Seller's desire to update the same.

8. The revised provisions still maintain the one year of monthly generation estimates that can be used for long-term planning, but what is more critical is the short-term, operational planning needs. In addition, a more accurate monthly estimate is more beneficial for integrating QF generation than locking in a three-month estimate. The parties agree that allowing the Seller to update its Estimated Net Energy Amounts on a monthly basis will result in a more accurate monthly forecast than what the Company receives currently with the quarterly revisions. Both Idaho Power and the Seller propose Commission adoption of this change. The Seller gains more clarity and flexibility in adjusting its estimated energy deliveries and Idaho Power maintains the stability in the estimates necessary for its planning and operation.

### **III. PROCEDURE**

9. Given the limited scope of the Amendment, and consistent with the Commission's prior orders as described above, Idaho Power requests that the Amendment be approved without further process.

10. Alternatively, should the Commission determine that further process is required, Idaho Power believes that a hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under Modified Procedure; i.e., by written submissions rather than by hearing. RP 201, *et seq.*

### **IV. COMMUNICATIONS AND SERVICE OF PLEADINGS**

11. Communications and service of pleadings, exhibits, orders, and other documents relating to this proceeding should be sent to the following:


Donovan E. Walker  
Lead Counsel  
Idaho Power Company  
1221 West Idaho Street (83702)  
P.O. Box 70  
Boise, Idaho 83707  
[dwalker@idahopower.com](mailto:dwalker@idahopower.com)  
[dockets@idahopower.com](mailto:dockets@idahopower.com)

Randy C. Allphin  
Energy Contracts Leader  
Idaho Power Company  
1221 West Idaho Street (83702)  
P.O. Box 70  
Boise, Idaho 83707  
[rallphin@idahopower.com](mailto:rallphin@idahopower.com)

## **V. REQUEST FOR RELIEF**

12. Idaho Power respectfully requests that the Commission issue an order approving the Third Amendment to the Firm Energy Sales Agreement between Idaho Power Company and Riverside Investments I, LLC, submitted herewith without change or condition.

Respectfully submitted this 12<sup>th</sup> day of August 2016.



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DONOVAN E. WALKER  
Attorney for Idaho Power Company

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on 12<sup>th</sup> day of August 2016 I served a true and correct copy of the within and foregoing APPLICATION FOR APPROVAL OF FIRM ENERGY SALES AGREEMENT AMENDMENT upon the following named parties by the method indicated below, and addressed to the following:

**Riverside Investments I, LLC**

Dennis Daugherty

Riverside Investments I, LLC

P.O. Box 328

Adrian, Oregon 97901

☐ Hand Delivered

☒ U.S. Mail

☐ Overnight Mail

☐ FAX

☒ Email dennis@rsicorp.net

  
Christa Bearry, Legal Assistant



**BEFORE THE  
IDAHO PUBLIC UTILITIES COMMISSION**

**CASE NO. IPC-E-16-16**

**IDAHO POWER COMPANY**

**ATTACHMENT 1**



**THIRD AMENDMENT  
TO THE  
FIRM ENERGY SALES AGREEMENT  
BETWEEN  
IDAHO POWER COMPANY  
AND  
RIVERSIDE INVESTMENTS I, LLC**

This Third Amendment of the Firm Energy Sales Agreement (“Third Amendment”) is entered into on this 22 day of June, 2016 by and between Idaho Power Company, an Idaho corporation (“Idaho Power”), and Riverside Investments I, LLC, an Idaho limited liability company (“Riverside” or “Seller”) (individually a “Party” and collectively the “Parties”).

**WITNESSETH:**

WHEREAS, Idaho Power entered into the Energy Sales Agreement on December 1, 2011, (the “ESA”) for the purchase and sale of energy from the Fargo Drop Hydro Project (the “Project”) with (Riverside Investments, LLC).

WHEREAS, Idaho Power entered into a First Amendment to the ESA on October 2, 2014 with (Riverside Investments, LLC) to amend the definition of Mid-Columbia Market Energy Cost.

WHEREAS, Idaho Power entered into a Second Amendment to the ESA on March 17, 2016 with (Riverside Investments I, LLC) to change any references in the ESA from “Riverside Investments, LLC” to “Riverside Investments I, LLC”.

WHEREAS, the Parties agree to amend the Agreement to replace Article 6, sections 6.2.2 and 6.2.3 relating to monthly Net Energy Amounts consistent with other recently approved Energy Sales Agreements and Amendments and to abide by the terms of this Third Amendment;

NOW THEREFORE, in consideration of the mutual promises and covenants and other consideration set forth herein, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to the following amendments to the Agreement:

1. **Incorporation of Recitals.** The above-stated recitals are incorporated in this Third Amendment and made a part of this Third Amendment by this reference to the same extent as if these recitals were set forth in full at this point.
2. **Article VI: Purchase and Sale of Net Energy.** Article 6, sections 6.2.2 and 6.2.3 shall be deleted in their entirety and the following sections shall be substituted in their stead:
  - 6.2.2 Seller’s Adjustment of Initial Year Monthly Net Energy Amounts - Prior to the Operation Date, the Seller may revise all of the previous initial year monthly Net Energy Amounts by providing written notice to Idaho Power in accordance with paragraph 25.1.

- 6.2.3 Seller's Adjustment of Monthly Net Energy Amounts After the Operation Date - After the Operation Date, the Seller may revise any future monthly Net Energy Amounts by providing written notice no later than 5 PM Mountain Standard Time on the last business day of the Notification Month specified in the following schedule:

<u>Notification Month</u>	<u>Future monthly Net Energy Amounts eligible to be revised</u>
November	January and any future months
December	February and any future months
January	March and any future months
February	April and any future months
March	May and any future months
April	June and any future months
May	July and any future months
June	August and any future months
July	September and any future months
August	October and any future months
September	November and any future months
October	December and any future months

- a.) This written notice must be provided to Idaho Power in accordance with paragraph 25.1 or by electronic notice provided and verified via return electronic verification of receipt to the electronic notices address specified in paragraph 25.1.
- b.) Failure to provide timely written notice of changed Net Energy Amounts will be deemed to be an election of no change from the most recently provided Net Energy Amounts.
3. **Commission Approval.** The obligations of the Parties under this Third Amendment are subject to the Idaho PUC's approval of this Third Amendment and such approval being upheld on appeal, if any, by a court of competent jurisdiction. The Parties will submit this Third Amendment to the Idaho PUC and recommend approval in its entirety pursuant to RP 274.
4. **Effect of Amendment.** Except as expressly amended by this Third Amendment, the Agreement as previously amended by the First Amendment and Second Amendment shall remain in full force and effect.
5. **Capitalized Terms.** All capitalized terms used in this Third Amendment and not defined herein shall have the same meaning as used in the Agreement.

6. **Scope of Amendment.** This Third Amendment shall be binding upon and inure to the benefit of the Parties hereto, and their respective heirs, executors, administrators, successors, and assigns, who are obligated to take any action which may be necessary or proper to carry out the purpose and intent thereof.
7. **Authority.** Each Party represents and warrants that (i) it validly exists and in good standing in the state in which it is organized, (ii) it is the proper party to amend the Agreement, and (iii) it has the requisite authority to execute this Third Amendment.
8. **Counterparts.** This Third Amendment may be executed in any number of counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single instrument.

IN WITNESS WHEREOF, the Parties hereto have caused this Third Amendment to be executed in their respective names on the dates set forth below:

RIVERSIDE INVESTMENTS I, LLC

By: 

Name: DENNIS D. DAUGHERTY

Title: MANAGER

Date: 6-14-2016

IDAHO POWER COMPANY

By: Tessia Park

Name: Tessia Park

Title: VP Power Supply

Date: 6-22-2016